

EMPLOYER ADVISORY COMMITTEE

MINUTES

December 6, 2001

DRS Members Present:

Dave Nelsen, Chairperson.

Additional DRS Staff Present:

Gayle McGee, Public Employee's Retirement System; Brian Berghoff, Employer Support Services; Michelle Hardesty, Employer Support Services; Anne Holdren, Deferred Compensation Program.

Employer Members Present:

Les Adams, Kerry Schaefer and Cindy Lee, King County; Joanne Amrine, Chehalis School District; Margo Anderson, Highline Community College; Mary Christle, Educational Service District; John Goetz, Center for Information Services; Brigitte Hoopes, City of Kent; Debbie Meach, Human Resources Information Systems Division (HRISD); Michelle Mortimer, City of Olympia; Sally Spangler, Washington State Patrol; Nancy Savage, Pierce County; Jean Yeager, Department of Agriculture.

Employer Members Not Present:

Bob Andrews, Kent School District; Paulette Gilliam, University of Washington; Tom Gaines, Washington School Information Processing Cooperative (WSIPC); Chandra Horan, Port of Seattle; Reagan Ulrich, Chelan County PUD 01.

Agenda Items:

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| • Legislative Summary & Interim Issues
<i>Dave Nelsen</i> | • Employer Satisfaction Survey Update
<i>Dave Nelsen</i> |
| • PERS 3 Update
<i>Gayle McGee</i> | • Open Discussion
<i>Committee</i> |
| • Web Based Employer Self-Audit
<i>Michelle Hardesty</i> | • Agenda Items for Next Meeting & Set
Schedule for Next Year
<i>Committee</i> |
| • DCP Video Presentation & Feedback
<i>Anne Holdren</i> | |

LEGISLATIVE SUMMARY AND INTERIM ISSUES

Dave Nelsen updated the committee on some topics being considered by the Joint Committee on Pension Policy (JCPP) for the upcoming legislative session.

- **Survivor Options**

Survivor benefits provide for continued payments to a person after the death of the member or retiree. Information on "optional" and "automatic" survivor options, coverage in other states, and recent issues were provided by the JCPP.

- **Governance**

The following three proposals were discussed:

- Forming a Pension Oversight Board.
- Forming employee/employer advisory councils for each retirement system within DRS.
- Forming employee/employer advisory work groups for each retirement system within the JCPP.

- **TRS Plan 1 Extended School Year Employees**

TRS Plan 1 calculates a member's average final compensation based on the highest two fiscal years (fiscal year is July 1 - June 30). Some school districts have established extended school years that go beyond June 30.

- **Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 and Washington State Patrol Retirement System (WSPRS) Membership**

The JCPP has heard from various groups, which include Park Rangers, Fish and Wildlife Officers, and Commercial Vehicle Enforcement Officers, seeking the right to be members of plans other than those to which they currently belong. The JCPP was provided an overview of the requirements for LEOFF Plan 2 and WSPRS membership.

- **Receiving Benefits at Age 70½ While Working**

The private retirement plans allow members to terminate active membership and begin receiving their retirement benefits at age 70½ while continuing to work. The JCPP discussed the possibility of providing similar provisions for PERS, TRS and SERS members.

- **Service Credit for Temporary PERS/SERS Employees**

Temporary PERS/SERS employees of school districts must pay contributions and can earn service credit only if they are in an eligible position. This proposal would establish the same requirements that exist for certificated members doing substitute teaching to apply to classified employees who do substitute work.

- **Defined Contribution Plans**

The JCPP provided an overview of "all defined-contribution" plans. These plans have no guaranteed benefits, and the members are responsible for all investment decisions.

- **Higher Education Retirement Plans**

Washington State colleges and universities administer their own plans and both use types of defined contribution plans. These plans provide eligible members with a supplemental benefit if their base pension does not equal 50% of the member's two-year average final compensation at the time of retirement.

- **LEOFF Plan 1 Surplus**

Since the last legislative session, the surplus in the LEOFF Plan 1 Retirement Fund has decreased due to the downward trend in the stock market. This does not affect pension benefits for LEOFF Plan 1 retirees.

- **LEOFF Plan 2 Part-Time Leave of Absence**

Currently, only full-time, fully compensated law enforcement officers and firefighters are eligible for LEOFF membership. The JCPP is considering a proposal that will allow part-time law enforcement members to continue to earn service credit for part-time employment in certain cases.

- **Inactive PERS Plan 1 Members**

The JCPP has discussed a variety of ways in the past to provide consistent provisions for both active and inactive members. Currently, the PERS Plan 1 retirement age differs by five years depending on whether a member is active (age 60) or inactive (age 65) at the time of retirement.

- **Military Service Corrections**

DRS has requested correcting legislation to match state and federal law for military service in two areas: the definition of the "Vietnam War Era" and the treatment of service credit for retirees who are also receiving a federal pension for the same service.

Please call Dave Nelsen at (360) 664-7163 or 1-800-547-6657 ext. 47163 or Steve Nelsen at (360) 664-7308 if you have any questions.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) 3 UPDATE (Handout)

Following are highlights of the PERS Plan 3 update:

- ICMA has begun scheduling the Phase 1 transfer seminars
- Phase 1 & 2 transfer education packets are being mailed out in December
- Phase 1 member account balance letters will be mailed in December
- Phase 2 newsletter is being mailed out directly to the members in December
- Transfer education telephone and e-mail support will be made available in December
- Transfer education Web site will be available in December
- Transfer education video release date is the end of January
- Transfer education seminars begin in January
- Phase 1 plan choice packet and video will be mailed in February
- Phase 1 investment packet and video will be mailed in February
- Investment education telephone and e-mail support will be made available in February
- Investment education Web site will be available in February
- Phase 1 transfer window opens in March
- Phase 1 investment seminars begin in March

Employer training for Phase 1 employers has already begun. DRS encourages every employer to notify both the payroll officers and personnel/benefits specialists to attend this training.

Employer training for Phase 2 will begin in May 2002.

WEB BASED EMPLOYER SELF-AUDIT

Michelle Hardesty gave a demonstration on the web based employer self-audit program. The web based employer self-audit program is designed for use by employers to conduct a step-by-step audit of their own records to ensure they are reporting correctly.

DEFERRED COMPENSATION PROGRAM (DCP) VIDEO PRESENTATION & FEEDBACK

Anne Holdren showed a DCP video to the committee. The video is available for employers to show to their staff members. DRS is looking at adding the video to the Web site next year.

EMPLOYER SATISFACTION SURVEY UPDATE

Out of 1,700 employer surveys that were mailed, DRS received over 500 surveys back. The committee had suggested that DRS provide employer training on new legislation.

OPEN DISCUSSION

The following were issues or concerns that were raised at the meeting:

- When will WBET be available? Production use will be available next week.
- How will WBET be rolled out? WBET will be rolled out in phases. Targeting employers to roll out MSV in January.
- February and March will be the statewide effort to have employers with 30 or less employees to switch to this form of reporting.

SET SCHEDULE FOR NEXT YEAR

The Year 2002 meetings will be held as follows:

- March 21, 2002
- June 27, 2002
- September 26, 2002
- December 5, 2002

The Next Meeting

The next EAC meeting is scheduled for March 21, 2001, from 9:30 a.m. to 12 p.m., at the DRS Point Plaza West building located at 6835 Capitol Boulevard in Tumwater. Please see the map to DRS on the EAC Web site for directions to the facility.

Proposed Agenda Items for the March 21, 2002, Meeting

- Survey Results

A confirmed agenda will be available on the Employer Advisory Committee Web site in early March 2002.

Parking for the meetings

There are visitor's parking spaces located in front of the building. You may also park in any stall that is not marked for another agency such as DSHS or OFM.

Questions

If you have any questions, please contact Dave Nelsen at (360) 664-7163, 1-800-547-6657 ext. 47163 or by e-mail at daven@drs.wa.gov.